



The Honorable Bob Goodlatte  
Chairman  
House Judiciary Committee  
2138 Rayburn House Office Building  
Washington, DC 20515

The Honorable Steve Chabot  
Chairman  
House Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Goodlatte and Chairman Chabot:

On behalf of the National Small Business Association (NSBA), the nation's first small-business advocacy organization, with more than 65,000 small-business members representing every state and every industry across the country, I commend your leadership for introducing a legislative package that combines a series of regulatory reform initiatives—including the *Small Business Regulatory Flexibility Improvements Act (H.R. 33)*, which NSBA has been a strong supporter of, since its inception. The regulatory climate we find ourselves in today is not one easy or welcoming to small businesses, and is why NSBA is pleased to support *H.R. 5*, the *Regulatory Accountability Act*.

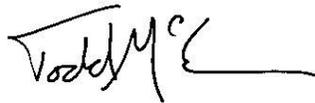
The total annual cost of the federal regulatory burden on the American public has ballooned to nearly \$2 trillion and continues to grow each year. Unfortunately, small businesses disproportionately face higher annual regulatory costs of \$10,585 per employee per year, which is 36 percent above the regulatory cost facing large firms. Unlike big corporations—which have legions of accountants, benefits coordinators, attorneys and personnel administrators at their disposal—small businesses often are at a loss to keep up with, implement, or afford these overwhelming regulatory and paperwork demands of the federal government. The cumulative effect of which, significantly inhibit some small businesses from performing the core functions of their business.

The Regulatory Flexibility Act (RFA) and Small Business Regulatory Enforcement Act of 1996 (SBREFA) were enacted in order to require agencies to identify and account for the potentially excessive costs and disproportionate impacts of regulations on small businesses and examine ways to reduce unnecessary regulatory burdens. However, each agency interprets important terms in the existing statute in widely diverse ways and therefore, is able to avoid the RFA's requirements as Congress intended. NSBA strongly believes that regulations must be reviewed and old and duplicative regulations removed. Numerous executive orders and laws require these types of reviews; however they must be pursued more diligently.

NSBA is pleased H.R. 5 aims to modernize our regulatory system and revises requirements placed on federal agencies before they can take regulatory action. The legislation would increase transparency in the regulatory process, encourage foresight by the agencies and avoid unintended consequences on the regulated businesses. All of these are matters of the utmost importance to NSBA's members. Furthermore, Title III which would require federal agencies to enhance their analysis of proposed rules, provide greater opportunity for small business input, and ensure agencies regularly review existing rules for their economic impact on the small-business community is an essential piece of your legislative package.

Regulatory reform has long been one of the top priorities of NSBA, the nation's oldest nonpartisan small-business advocacy group. The Regulatory Accountability Act, which will provide effective, meaningful assistance to America's small businesses, is an excellent step in the right direction. Your work toward alleviating some of the overwhelming regulatory burden disproportionately borne by small businesses is a testament to your dedication to America's entrepreneurs. Thank you for your leadership on this issue and I look forward to working with you to bring this legislation to enactment.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken". The signature is stylized with a large, sweeping "M" and a long horizontal line extending to the right.

Todd McCracken  
President & CEO